

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3397
ANSWERED ON:07.09.2007
OPENING OF LIAISON OFFICE BY FOREIGN COMPANIES
Badiga Shri Ramakrishna

Will the Minister of FINANCE be pleased to state:

- (a) whether a foreign company is permitted to open a liaison office in india under automatic route with permission from RBI;
- (b) if so, the norms laid down therefor;
- (c) whether such liaison office is allowed to carry out commercial transactions such as sale, purchase, trading activities in the country, and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) Yes, Sir. Foreign companies are permitted to open Liaison Offices in India in terms of Notification No FEMA 22/2000-RB dated 3rd May 2000 viz. Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000 in exercise of powers conferred by sub-section (6) of FEMA, 1999 (42 of 1999) after obtaining permission from RBI for carrying out permitted activities listed in Schedule II of the Notification

(b) Applicants are required to submit their application in the prescribed proforma to the RBI along with a copy of their certificate of incorporation attested by a Notary Public or Indian Embassy in country of incorporation and latest audited Balance Sheet of the company.

Based on financial statements submitted along with the application a company with profitable track record of 3 years is considered for permission.

(c) No, Sir.

(d) Does not arise.